

GENERAL CONDITIONS OF INLAND TRANSIT INSURANCE IN VIETNAM

(Issued with Decision No. 0212/QĐ-HH dated 30/01/2019 of General Director of
BIDV Insurance Corporation)

CHAPTER 1: SCOPE OF APPLICATION

These General Conditions shall apply to insurance on cargo transported by land, by railways, waterways, airways or multi-transport within the territory of Vietnam.

By specific agreement in the insurance contract these conditions shall also be used to apply to the insurance on cargo transported from Vietnam to its neighbouring countries that have a common barrier on land and cargo transported from overseas countries to neighbouring countries with permission for their transit through Vietnam by the above-stated modes of transport.

CHAPTER 2: SCOPE OF INSURANCE

RISKS COVERED

Clause 1: Risks Clause

Except as excluded by the provisions of **Clauses 4, 5, 6, 7** below, according to these insurance conditions, BIDV Insurance Corporation (hereinafter called BIC) has responsible for:

- 1.1. Losses of or damages to the subject-matter insured reasonably attributable to the following reasons:
 - 1.1.1. Fire or explosion.
 - 1.1.2. Overturning or derailment of land conveyance; vessel or conveyance being stranded, grounded sunk or capsized, had collision or contact with any external object other than water.
 - 1.1.3. Discharge of cargo at a port of distress.
 - 1.1.4. Earthquake, typhoon, inundation, cyclone catastrophic, tsunami, volcanic eruption and lightning.
 - 1.1.5. Blowing down of tree, collapse of bridge or tunnel and other structures.
 - 1.1.6. Means of transportation of cargo being missing.
- 1.2. Losses of or damages to the cargo insured caused by:
 - 1.2.1. General average sacrifice;
 - 1.2.2. Jettison or washing.

Clause 2: Related Expenses Clause

In the event of loss or damage within the scope of cover of BIC as stated above, BIC shall also be liable for the following expenses, except as excluded by the provisions of **Clauses 4, 5, 6, 7** below and others specified in this Insurance:

- 2.1. Reasonable expenses and costs incurred by the Assured and his servant or agent in averting or minimizing loss of or damage to the insured cargo;
- 2.2. Charges for unloading, storing and forwarding the insured cargo that were properly and reasonably incurred at an intermediate place of call as a result of operation of a risk covered by this insurance;
- 2.3. Reasonable expenses incurred for surveying and ascertaining loss or damage for which BIC is to be liable;
- 2.4. General average and salvage charges.

Clause 3: “Both to Blame Collision” Clause

This insurance indemnifies the Assured, in respect of any risk insured herein, against liability incurred under the Both to Blame Collision Clause in the contract of carriage. In the event of any claim by carriers under the said Clause, the Assured shall notify BIC who have the right, at their own cost and expense, to defend the Assured against such claim.

INSURANCE EXCLUSIONS

Clause 4: General Exclusions Clause

In no case shall this insurance cover:

- 4.1. loss damage or expense attributable to wilful misconduct of the Assured,
- 4.2. ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured,
- 4.3. loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured (for the purpose of this Clause 4.3 "packing" shall be deemed to include stowage in a “container” or "lift-van" but only when such stowage is carried out prior to attachment of this insurance or by the Assured or their servants),
- 4.4. loss damage or expense caused by inherent vice or particular nature of the subject-matter insured,
- 4.5. loss damage or expense caused by delay, even though the delay be caused by a risk insured against (except expenses payable under Clause 2 above),
- 4.6. loss damage or expense caused by insolvency or financial default of the owners, managers, charterers or operators of the vessel,
- 4.7. damage or destroy caused by wilful misconduct of any person to the subject-matter insured or any part of the subject-matter insured,
- 4.8. loss damage or expense directly or indirectly caused by or arising from the use of any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

Clause 5: Unseaworthiness and unfitness exclusion clause for safe carriage

In no case shall this insurance cover loss damage or expense arising from unseaworthiness or unfitness of conveyance for the safe carriage of the subject matter insured where the Assured or their servants are privy to such unseaworthiness or unfitness at the time the subject matter insured is loaded therein.

Clause 6: War Exclusion Clause

In no case shall this insurance cover loss damage or expense caused by

- 6.1. war civil war revolution rebellion insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power,
- 6.2. capture seizure arrest restraint or detainment, and the consequences thereof or any attempt thereat,
- 6.3. derelict mines torpedoes bombs or other derelict weapons of war.

Clause 7: Strikes Exclusion Clause

In no case shall this insurance cover loss damage or expense

- 7.1. caused by strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions,
- 7.2. resulting from strikes, lock-outs, labour disturbances, riots or civil commotions,
- 7.3. caused by any terrorist or any person acting from a political, ideological or religious motive.

DURATION**Clause 8: Transit Clause**

Subject to **Clause 10** below, this insurance attaches from the time the insured cargo are loaded in the means of transportation at the place of departure named in the contract of insurance for the commencement of transit, continues during the ordinary course of transit and termination at the time the cargo are discharged from such means of transportation at the destination named in the contract of insurance.

Clause 9: Destination Change Clause

In the above course of transit where there occurs any event stated in Clause 1 that leads to an extraordinary transshipment or change of destination, this insurance shall remain in force, subject to prompt notice being given to BIC in connection with such occurrence or change and subject to an additional premium in case of need.

CLAIMS**Clause 10: Insurable Interest Clause**

In order to recover under this insurance the Assured must have an insurable interest in the subject - matter insured at the time of the loss and the Assured has actually suffered the actual loss.

Clause 11: Total Loss Clause

Total loss referred to in the present conditions shall include an actual total loss and a constructive total loss.

- 11.1. If, after having sustained loss or damage within the scope of cover under the contract of insurance, the Insured cargo are totally destroyed or so seriously damaged as to cease to be a thing of the original species, it shall be deemed to be an actual total loss.
- 11.2. Where the loss or damage is incurred to the insured cargo within the scope of cover under the contract of insurance, and an actual total loss appears to be unavoidable or because the costs of recovering, reconditioning and forwarding the cargo to the destination to which they are insured would exceed their value on arrival, it shall be deemed to be a constructive total loss.
- 11.3. Any loss or damage not falling under the categories as provided for in two above sub-clauses shall be deemed to be a partial loss.
- 11.4. Where the means of transportation is missing, the insured cargo shall be deemed to be an actual total loss.

The means of transportation shall be deemed to be missing where it fails to reach the destination named in the contract of insurance, and no news of it is received. The period of time required to constitute the missing of a conveyance shall not be less than three months counting from its estimated time of arrival at such destination as stated in the insurance contract.

Clause 12: Partial Loss Clause

Where there is a partial loss of the cargo insured, the measure of indemnity is worked out by subtracting the gross sound value of cargo from damage value of cargo at the place of arrival on a basis of proportion the insured amount bears to the insurable value.

Clause 13: Limit of liability Clause

The liability of BIC shall be limited to the insured amount:

- 13.1. Where the insured amount of the cargo is lower than the insurable value, the indemnity to be paid by BIC for loss or damage and for the expenses as specified in Clauses 1 and 2 shall be of such proportion as the insured amount bears to the insurable value.
- 13.2. Where the insured amount of the cargo is in excess of the insurable value, the excess shall stand void.

Clause 14: Reasonable Expenses Clause

The liability of BIC shall be limited to the insured amount. However, BIC shall be also liable to the loss sum together with the expenses incurred for salvage, surveying, adjusting and sale of loss cargo, the expense claimed to the third party and

contribution to general average even though the aggregate amount of expenses together with the indemnity for the loss may exceed the insured amount.

In case of observance of BIC's instructions by the Assured for the purpose of averting loss or damage, BIC shall be liable to reimburse the Assured for necessary and reasonable expenses incurred by him for that purpose even though the aggregate amount of expenses together with the indemnity for the loss may exceed the insured amount.

Clause 15: General Average Clause

In case there is a general average within the scope of cover under the contract of insurance, the contribution to the general average by the Assured shall be indemnified fully by BIC. However, if the insured amount of the cargo is lower than the contributed value to the general average, the indemnity to be paid by BIC for the contribution to the general average shall be of such proportion as the insured amount bears to the contributed amount.

Clause 16: Waive of Liability Clause

BIC shall have the right to be discharged from all liability under the contract of insurance by waiving the interest in the insured cargo and the right of recovery from the third party and paying the insured amount in full to the Assured.

Clause 17: Abandonment Clause

17.1. Where the Assured elects to claim for a constructive total loss of the Insured cargo he must give a notice of abandonment to BIC. If he fails to do so, the loss shall only be treated as a partial loss.

17.2. The notice of abandonment must be given in writing and in any terms, which must indicate the intention of the Assured to abandon his interest in the insured cargo unconditionally to BIC.

17.3. Where the notice of abandonment is properly given, the rights of claim of the Assured are not prejudiced by the fact that BIC refuses to accept the abandonment. Where the notice of abandonment is accepted the abandonment is irrevocable.

Clause 18: Cargo Recovery Clause

Where BIC pays for a total loss (either of the whole or of any apportioned part of the cargo insured), he thereupon becomes entitled to take over the interest of the Assured in whatever remain of cargo so paid for in accordance with regulations in force of the law.

TRANSFER OF CLAIM

Clause 19: Transfer of Claim Clause

19.1. Upon payment of the Insurance indemnity under the contract of insurance, all the claims and rights which the Assured has against a third party are subrogated to BIC to the extent of the amount paid.

The Assured is obliged on receipt of the in Insurance indemnity to transfer to BIC all his rights against the third party together with necessary documents relating to such rights.

19.2. If the Assured refuses to transfer such rights to BIC, fails to reserve or abandon the recourse against the third party, BIC has the right to repudiate the claim entirely or partly through his fault. If the payment has already been made, the Assured is obliged to refund to BIC a part or full amount of indemnity received according to the fault extent of the Assured.

MINIMISING LOSSES

Clause 20: Obligation of the Insured Clause

In case of loss or damage within the scope of cover as mentioned in Clause 1 of these conditions, the Assured or his servant or representative, shall reasonably promptly:

- a) Inform immediately the local authorities of the occurrence in order to dispose of the case and prepare minutes in accordance with the rule in force.
- b) Notify BIC or BIC's representative at the nearest locality immediately for survey without any delay.
- c) Take all necessary measures which are considered reasonable for the purpose of averting or minimizing the loss or damage.
- d) Execute necessary procedures to ensure that all rights against carriers or other third parties responsible for the loss or damage of the cargo in such accident are properly preserved and exercised. BIC, in addition to any loss recoverable within the scope of cover of this insurance, reimburse the Assured for any charges properly and reasonably incurred in pursuance of these duties.

If the Assured fails to fulfill the aforesaid obligations, BIC shall have the right to repudiate the claim entirely or partly.

Clause 21: Without Prejudice Clause

All the measures taken by the Assured or BIC with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

CLAIMS PRESCRIPTION

Clause 22: Claims Prescription Clause

The period that the Assured has the right to claim for compensation of loss is specified 01 year from the occurrence date of loss.

DISPUTE HANDLING

Clause 23: Dispute Handling Agency Clause

Any dispute in connection with the contract of Insurance which cannot be settled by negotiation between the Assured and BIC shall be referred to the Court with jurisdiction in Vietnam for settlement in accordance with the Law of the Socialist Republic of Vietnam, unless otherwise agreed.

CHAPTER 3 : GENERAL PROVISIONS

A. Procedures for insurance

When applying for insurance, the Assured shall fill in an application form specifying the following items:

- a. Name of the Assured.
- b. Name of the cargo, nature and type of packing, marks of the cargo to be insured.
- c. Weight, quantity and value of the cargo to be insured.
- d. Course of transit (place of departure - destination and transshipment, if any).
- e. Name of the conveyance, type of conveyances and their registration numbers (might be advised later).
- f. Estimated date of departure and estimated date of arrival of the conveyance

2. BIC shall issue an insurance policy and/or insurance contract on the basis of the Application Form.

3. Unless otherwise agreed, the Assured shall pay the insurance premium to BIC right after receiving the insurance policy or insurance contract.

4. If, after the conclusion of the contract of Insurance and/or issuance of cargo insurance policy there occurs any change of the declared information made by the Assured in connection with the cargo insured, the Assured shall be bound to give immediate notice to BIC of such change or occurrence upon being aware thereof. BIC shall, upon receipt of such notice, issue an Endorsement and may require an additional premium to be paid by the Assured.

B. Declaration

If there is any misrepresentation or concealment by the Assured of the items as specified in the Application Form or of the change or occurrence known by the Insured or as notified to BIC, BIC have the right to repudiate the claim entirely or partly but still has the right to receive the insurance premium.

C. Insured amount and insurance value

1. The insured amount of the insured cargo shall be the value declared by the Assured based on the value of the insured cargo.
2. The insurance value of the insured cargo is the value of the insured cargo in accordance with market value of such cargo. The insurance value may be included

the invoice value of cargo (or actual value of the cargo at place of departure, if without invoice), plus freight and insurance premium.

3. Unless otherwise agreed, an estimated profit may be incorporated in the insured amount declared by the Assured. It shall, however, not exceed 10% (ten percent) of the insurable value.

D. Claims Documents

The Assured shall, when filling a claim with BIC in respect of loss or damage under the contract of insurance, submit a complete set of following documents:

- a. Claims Letter.
- b. Original Inland transit cargo insurance policy.
- c. Original or notarized/true copy of contract of carriage and/or Bill of Lading or equivalent documents such as Cargo Receipt or other carrying documents.
- d. Original or copy Commercial invoice together with packing list, weight/quantities notes or other related documents proving the value of good in case none of invoice.
- e. Survey report showing the extents of the loss or damage which is approved by BIC or BIC's representative.
- f. In case shortage of such survey report, BIC have the right to repudiate the claim entirely or partly, unless otherwise agreed.
- g. Original or copy of investigating report on casualty issued by the local authority with signature and/or stamp of the Insured in case means of transport are wrecked, upturned, collided and etc.
- h. Original or copy of claims correspondence exchange between the Assured and the carrier or other third parties regarding their liability for the loss or damage (except for the carrier cum the Assured);
- i. Copies of other related documents depend on particular occurrence (if any)

E. Claim Payments

1. After examination of the claim documents submitted by the Assured and confirmation of loss or damage, BIC shall effect payment of the claim within 30 (thirty) days of full receipt of such proper documents.

Where the claim document are found unsuitable or required further verification or the loss or damage if proved to be out of the scope of cover, BIC shall notify the Assured in writing of such cases within 15 (fifteen) days of receipt of his claim documents.

2. Where no comment is given in writing by the Assured within 30 (thirty) days of receipt of notice relating to the payment or noncompliance with a payment of loss, the claim in question shall be deemed to be terminated.

3. Upon payment of the claim, BIC may deduct from the amount thereof such credit items as the proceeds realized from a sale of the salvaged cargo and the amount recovered from the third party by the Assured.
4. Where the conveyance was missing and the insured cargo were deemed to be an actual total loss, or the cargo were lost, and after the payment of the insurance indemnity those cargo are found out not to have perished, such finding cargo shall be the property of BIC and be disposed of in accordance with the regulations in force of the law.